

MAR 13 2015

SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AUDIT OF THE
DEPARTMENT OF TAXATION TO ADDRESS ISSUES ASSOCIATED WITH
THE COLLECTION AND PAYMENT OF THE COUNTY SURCHARGE ON STATE
TAX TO THE CITY AND COUNTY OF HONOLULU.

1 WHEREAS, the county surcharge on state tax is one-half of
2 one percent and was imposed to help pay for the Honolulu rail
3 transit project of the Honolulu Authority for Rapid
4 Transportation (HART); and

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6 WHEREAS, the county surcharge on state tax is the primary
7 funding source for HART's rail transit project; and

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9 WHEREAS, the Department of Taxation submits the applicable
10 portion of the county surcharge on state tax to the City and
11 County of Honolulu, which is then submitted to HART; and

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13 WHEREAS, despite an increase in the State's general excise
14 tax revenue collections, HART only received \$68,178,842 in
15 county surcharge payments in the first two quarters of fiscal
16 year 2013, rather than the expected \$100,231,516; and

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18 WHEREAS, HART's rail transit project is reported to be in
19 serious financial jeopardy, which threatens the likelihood of
20 completion of the rail transit project by 2022; and

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22 WHEREAS, it is critical that HART understands how the
23 county surcharge on state tax is assessed, collected, and
24 transferred to provide HART with the ability to more accurately
25 estimate future revenue and receipts to base and monitor its
26 financial plan; now, therefore,

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28 BE IT RESOLVED by the Senate of the Twenty-eighth
29 Legislature of the State of Hawaii, Regular Session of 2015, the
30 House of Representatives concurring, that the Auditor is
31 requested to conduct a financial audit of the Department of



S.C.R. NO. 112

1 Taxation to address issues associated with the collection and
 2 payment of the county surcharge on state tax to the City and
 3 County of Honolulu; and
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5 BE IT FURTHER RESOLVED that the audit review each fiscal
 6 year since the implementation of the county surcharge on state
 7 tax; include the total revenue collected, any adjustments, and
 8 total tax liability per month; examine the timeliness of county
 9 surcharge on state tax collections and payments; and identify
 10 opportunities for change that would address any weaknesses in
 11 the current process; and
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13 BE IT FURTHER RESOLVED that the Auditor report the
 14 Auditor's findings and recommendations, including any proposed
 15 legislation, to the Legislature no later than twenty days prior
 16 to the convening of the Regular Session of 2016; and
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18 BE IT FURTHER RESOLVED that certified copies of this
 19 Concurrent Resolution be transmitted to the Auditor, Director of
 20 Taxation, Mayor of the City and County of Honolulu, and Board of
 21 Directors of the Honolulu Authority for Rapid Transportation.
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